

ANDALEX
RESOURCES, INC.

P.O. BOX 902
PRICE, UTAH 84501
PHONE (435) 637-5385
FAX (435) 637-8860

October 27, 2006

Utah Division of Oil, Gas & Mining
Coal Program
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Attn: Pamela Grubaugh-Littig
Permit Supervisor

Re: Wildcat Loadout, C/007/0033, Reclamation Bond

Dear Ms. Littig,

Enclosed please find one original of the new Wildcat Loadout Reclamation Bond. Please have the UDOGM Director sign the bond and return a copy to me. Also, at this time, we respectfully request that we be released from the \$651,000 Letter of Credit, currently on file with the Division for the reclamation of C007/033.

Thank you very much.

Sincerely,

Michael W. Glasson
Resident Agent

Fireproof *ok*
C/007/0033

RECEIVED

OCT 30 2006

DIV. OF OIL, GAS & MINING

EXHIBIT "D"

**Stipulation to Revise
Reclamation Agreement
(Federal)**

Exhibit "D"
Stipulation to Revise
Reclamation Agreement
Federal

Permit Number: PRO 007/033
Effective Date: 5/5/89
Bond Number:

COAL
STIPULATION TO REVISE RECLAMATION AGREEMENT
--ooOOoo--

This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

_____ Replace the Reclamation agreement in its entirety.

_____ Replace Exhibit "A"- permit area.

_____ Replace Exhibit "B"- bonding agreement

_____ Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$_____ to \$_____.

The bonding type is changed from ILOC to Bond.

The surface disturbance is revised from _____ acre to _____ acres.

The expiration date is revised from _____ to _____.

The liability insurance carrier is changed from _____ to _____.

The amount of insurance coverage for bodily injury and property damage is changed
from
\$_____ to \$_____.

Exhibit "D"
Stipulation to Revise
Reclamation Agreement
Federal

IN WITNESS WHEREOF, Andalex Resources, Inc. the PERMITTEE has hereunto set its signature and seal this 8th day of November, 2006.

Andalex Resources, Inc.
PERMITTEE

By: [Signature]

Title: President

ACCEPTED BY THE STATE OF UTAH this ___ day of ___, 20__.

Director,
Division of Oil, Gas and Mining

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where on signs by virtue of Power or Attorney of a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

Bond Number _____

**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

--ooOOoo--

I, Douglas H. Smith, being first duly sworn under oath, deposes and says that he ~~she~~ is
the (officer ~~or agent~~) President of Andalex Resources, Inc.;
and that he ~~she~~ is duly authorized to execute and deliver the foregoing obligations; and that said
PERMITTEE is authorized to execute the same and has complied in all respects with the laws of
Utah in reference to commitments, undertakings and obligations herein.

Douglas H. Smith
(Signed)

Name - Position

Douglas H. Smith
President

Attest: Markedorn - Kawa
Secretary of the Corporation

STATE OF Utah)

) ss:

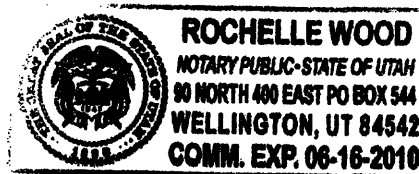
COUNTY OF Carbon)

Subscribed and sworn to before me this 14 day of November, 20 06

Rochelle Wood
Notary Public

My Commission Expires:

06-16-, 20 06



Bond Number _____

**AFFIDAVIT OF QUALIFICATION
DIRECTOR
--ooOOoo--**

John R. Baza, being first duly sworn under oath, deposes and says that he is the Director for the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that he is duly authorized to execute and deliver the foregoing obligations; and that said Director is authorized to execute the same by authority of laws on behalf of the State of Utah.

John R. Baza, Director
Division of Oil, Gas and Mining

Subscribed and sworn to before me this ____ day of _____ 2006.

Notary Public

My Commission Expires:

_____ 20, ____.

Attest:

STATE OF _____)

COUNTY OF _____) ss: